



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

November 14, 2008

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To: Supervisor Yvonne B. Burke, Chair  
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From: William T Fujioka  
Chief Executive Officer

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## **SACRAMENTO UPDATE -- EXTRAORDINARY SESSION AND IMPACT OF FISCAL AND BUDGET RECOMMENDATIONS**

### **Overview**

As reported in our November 6, 2008 Sacramento Update, Governor Schwarzenegger issued a proclamation for an Extraordinary Session of the Legislature to consider a number of items including the State's deteriorating economy and substantial decline in revenues. The Governor also issued what many are calling his November Revision, which contains a series of recommendations to address the State's estimated revenue shortfall of \$11.2 billion in FY 2008-09. The Revision also contains an Economic Stimulus Package, and recommendations related to the housing mortgage crisis and the solvency of the State's Unemployment Insurance Fund. This report provides an estimate of the impact on the County of the fiscal and budget related proposals and the Stimulus Package.

The November Revision contains a mix of revenue increases (\$4.7 billion) and expenditure reductions (\$4.5 billion). The State sales tax would be increased from 5 percent to 6 ½ percent and the base expanded to include appliance, furniture, and vehicle repairs, golf, and veterinarian services on February 1, 2009, and broadened again on March 1, 2009, to add amusement parks and sporting events. An oil severance tax of 9.9 percent would be imposed on private oil producers in the State on January 1, 2009, and alcohol taxes would be increased by a nickel per drink on the

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same date. Each of these proposals, with the possible exception of the alcohol tax, would affect the County.

### **Estimated Impact on County Programs**

As reported in the November 6, 2008 Sacramento Update, the Adopted State Budget for FY 2008-09 reduced County funding by \$128.6 million. **If the Governor's proposals for FY 2008-09 are adopted, the County will lose an additional \$74.1 million, which primarily will affect public safety and social services. The County will suffer further reductions in FY 2009-10 with public safety and social services programs severely impacted again. The estimated loss is \$195.8 million.** The estimated impact on the County is contained in Attachment I. Description of the program changes are contained in Attachment II. This estimate does not include the impact on County revenues of the sales tax base expansion, or the effect of an increase in the sales tax, or the imposition of an oil severance tax on County costs which are discussed below.

### **Impact of the Sales Tax Base Expansion and the Sales Tax Increase on County Revenues and Costs**

The proposed expansion of the sales tax base would yield additional funding for Proposition 172 local public safety agencies in the amount of \$5.9 million for FY 2008-09 and \$19.4 million in FY 2009-10. Receipts from the County one-cent sales tax would increase by \$578,000 in FY 2008-09 and \$1.9 million in FY 2009-10. Realignment Program sales tax revenues, which fund health, social services, and mental health programs, would increase by \$8.1 million in FY 2008-09 and \$26.7 million in FY 2009-10. These estimates are based on Statewide projections released in the November Revision.

The County would receive additional Proposition 42 sales tax revenues because the Statewide temporary sales tax increase proposal would include an additional \$322 million in FY 2008-09 and \$713 million in FY 2009-10 that would be transferred to the Transportation Investment Fund (TIF). Of the total of \$1.035 billion transferred to the TIF, \$676 million in FY 2009-10 and \$359 million in FY 2010-11 would be distributed under the Proposition 42 allocation formula. According to the Department of Public Works (DPW), \$135.2 million of the \$676 million in FY 2009-10 would be apportioned to counties. The County would receive approximately \$26 million in additional Proposition 42 revenues in FY 2009-10. Similarly, the County would receive an additional \$13.8 million in FY 2010-11 of the \$359 million expected increase in Proposition 42 revenues.

The estimated increases are as follows:

**Sales Tax Base Expansion on County Revenues**

<b>Type of Sales Tax</b>	<b>FY 2008 – 09</b>	<b>FY 2009 – 10</b>
Proposition 172 Public Safety	\$5,900,000	\$19,400,000
County 1 Cent	\$ 578,000	\$ 1,900,000
Realignment	\$8,100,000	\$26,700,000
Proposition 42	0	\$26,000,000

The sales tax increase also will affect the cost of County purchases and add to the cost of vehicle repair. In addition, the Department of Parks and Recreation estimates losses in golf course green fees and amusement park revenues from a decline in demand. These costs are projected to be as follows.

**Sales Tax Increase on County Costs**

<b>Department</b>	<b>FY 2008 - 09</b>	<b>FY 2009 - 10</b>
Department of Public Works		
- Purchasing	\$330,000	\$660,000
- Vehicle Repair	\$ 60,000	\$141,000
Internal Services Department (on behalf of all other departments except those listed in this table.)		
- Purchasing	\$6,500,000	\$12,900,000
- Vehicle Repair	\$ 258,000	\$ 549,000
Sheriff's Department		
- Purchasing	\$1,038,000	\$ 2,076,000
- Vehicle Repair	\$ 321,000	\$ 770,000
Fire Department		
- Purchasing	\$ 655,000	\$ 1,300,000
- Vehicle Repair	\$ 225,000	\$ 536,000
Parks and Recreation		
- Golf Fees	\$ 400,000	\$ 825,000
- Amusement Park	\$ 43,000	\$ 85,000
<b>Total</b>	<b>\$ 9,830,000</b>	<b>\$ 19,842,000</b>

## **Oil Severance Tax**

In addition, adoption of an oil severance tax is likely to increase the County's cost of fuel by a minimum of \$1.6 million in FY 2008-09 and \$3.5 million in FY 2009-10. **Estimating the impact of the severance tax is extremely difficult because departments do not have the ability to identify which portion of each gallon of fuel or quart of oil has been refined from crude oil produced in California.**

## **Impact of the Economic Stimulus Package**

The Governor also proposed a number of recommendations to generate employment and thereby increase economic activity and State revenues. Most of these proposals involve acceleration of various voter-approved infrastructure bond funds. They include:

Proposition 1B Local Streets and Road Program. The Governor's economic stimulus proposal would accelerate the appropriation of \$700 million in remaining bond funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for improvements to local streets and roads. These funds would be available for cities and counties that agree to encumber the funds by December 31, 2009, certify that their local fund balances for road maintenance do not exceed three months of their Highway User Tax Account and Transportation Investment Fund revenues, and meet accountability requirements.

According to DPW, the State has \$450 million remaining in Proposition 1B Local Streets and Roads Program funds to allocate to counties by formula distribution. Of the \$194 million designated for the County under the program, approximately \$107 million has been appropriated by the State Legislature. As a result of this proposal, DPW indicates that the County would receive approximately \$86.7 million, the balance of its remaining Proposition 1B Local Streets and Roads funds, on or before December 31, 2009.

Proposition 84 and Proposition 1E Water and Flood Programs. The Governor proposes to accelerate the implementation of \$147 million of water and flood projects funded by the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Bond Protection Bond Act of 2006 (Proposition 84) and the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E). Under existing law, these funds would not be available until March 1, 2009. In addition, the Governor will seek action by the Federal government to move an additional \$57.1 million in water projects forward now. DPW indicates the advancement of Propositions 84 and 1E funds would assist in the implementation of critical water resource projects.

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Proposition 1B Local Transit Program. This proposal would provide an additional \$800 million in Proposition 1B funding in FY 2008-09 for local transit agencies to accelerate several large scale local transit projects. DPW indicates there would be no direct fiscal impact on the County.

Hospital Construction Projects. The economic stimulus proposal would ease regulations to allow "in the pipeline" hospital construction projects to move forward. The Department of Health Services indicates that this proposal would help expedite many County hospital construction projects that involve minor remodels and equipment upgrades which may otherwise take several months to move through the Office of Statewide Health Planning and Development approval process.

**We will be sending a letter to the County's Legislative delegation and the Administration identifying the impact of these proposals on the County, and the Sacramento advocates will seek restoration of the proposed funding reductions and preservation of the County's fiscal base.**

We will continue to keep you advised.

WTF:GK:ML  
MR:IGA:sb

#### Attachments

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
League of California Cities  
City Managers Association

**ESTIMATED IMPACT TO LOS ANGELES COUNTY  
OF THE GOVERNOR'S FY 2008-09 NOVEMBER REVISION**

<u>Programs:</u>	<u>May Revision</u> <u>FY 2008-09</u>	<u>Adopted Budget</u> <u>FY 2008-09</u>	<u>November Revision</u> <u>FY 2008-09</u>	<u>FY 2009-10</u>
<u>Health</u>				
Medi-Cal Provider and Managed Care Rates	(\$12,714,000)	(\$8,738,000)	\$0	\$0
Federal Safety Net Care Pool Payments	(14,393,000)	0	? <sup>(1)</sup>	(14,393,000)
South Los Angeles Preservation Fund	(10,000,000)	0	0	0
California Healthcare for Indigents Program	(5,300,000)	(5,300,000)	0	0
Section 1931(b) Medi-Cal Eligibility	(5,000,000)	0	(2,900,000)	(5,000,000)
Medi-Cal Eligibility for Legal Immigrants	(1,500,000)	0	(870,000)	(1,500,000)
<u>Public Health</u>				
HIV/AIDS Treatment and Prevention	(1,000,000)	(1,200,000)	0	0
Family and Health Programs	(202,000)	(202,000)	0	0
Alcohol and Other Drug Programs / Drug Medi-Cal Program	(6,628,000)	(6,400,000)	0	0
Proposition 36 Program/Offender Treatment Program	(3,049,000)	(3,049,000)	0	0
Other State-Funded Programs	(1,427,000)	0	0	0
Children's Medical Services / California Children's Services	(4,500,000)	0	0	0
Tuberculosis Control Program	(151,000)	0	0	0
Immunization Program	(827,000)	(81,000)	0	0
Drug Court Programs	0	(626,000)	0	0
Perinatal Substance Abuse Treatment Programs	0	(610,000)	0	0
Other Non-Medi-Cal Drug Programs		(180,000)	0	0
<u>Mental Health</u>				
State Maximum Allowance Rate Cut (EPSDT & Adult Services)	(23,100,000)	0	0	0
Mental Health Managed Care Program	(7,140,000)	(3,800,000)	0	0
Institutes for Mental Disease	0	(6,300,000)	0	0
SSI/SSP for Residential Treatment and Housing	--	--	(318,000)	(546,000)
<u>Social Services</u>				
Child Welfare Services Administration	(25,000,000)	0	0	0
Foster Care Provider Payments Savings	14,900,000	0	0	0
Adult Protective Services Administration	(2,600,000)	(2,600,000)	0	0
Medi-Cal Administration	(55,300,000)	(33,400,000)	0	0
In-Home Supportive Services (IHSS) Administration	(7,600,000)	(5,100,000)	0	0
IHSS Program Savings	10,400,000	0	4,609,000	14,200,000
Reduced State Participation in IHSS Wages	(48,600,000)	0	(21,600,000) <sup>(2)</sup>	(64,800,000) <sup>(2)</sup>
Food Stamps Administration	--	(6,900,000)	0	0
CalWORKs Program - Grant Reductions (General Relief Cost Shift)	(105,000,000)	0	(26,800,000) <sup>(3)</sup>	(80,400,000) <sup>(3)</sup>
CalWORKs Single Allocation Funding	0	(17,600,000)	0	0
Cash Assistance Program for Immigrants	(13,700,000)	0	(5,000,000)	(14,900,000)
Community Treatment Facilities Differential Rate	(1,500,000)	0	0	0
<u>Justice and Public Safety</u>				
Juvenile Probation Camp Funding	(8,000,000)	(8,000,000)	(13,540,000)	(18,600,000)
Juvenile Justice Crime Prevention Act (JJCPA) Program	(3,300,000)	(3,300,000)	(4,000,000)	(3,871,000)
Citizens Option for Public Safety (COPS) Program	(1,000,000)	(1,000,000)	(1,175,000)	(929,000)
California Multi-Jurisdictional Methamphetamine Enforcement Grants	--	--	(828,000)	(1,655,000)
Other Public Safety Grants	--	--	(1,669,000)	(3,338,000)
<u>General Government</u>				
Delay of Third Installment of the Deferred Mandate Payments	(14,000,000)	(14,000,000)	0	0
February 2008 Presidential Primary Election	0	0	0	0
Public Library Fund	(190,000)	(182,000)	0	0
Military and Veteran Affairs Programs	(29,000)	0	0	0
Subventions for Open Space (Williamson Act)	(4,000)	(4,000)	0	(40,000)
<b>Total</b>	<b>(\$357,454,000)</b>	<b>(\$128,572,000)</b>	<b>(\$74,091,000)</b>	<b>(\$195,772,000)</b>

Notes: (1) The Department of Health Services is working with the State to determine the impact of this proposal on the County. The estimated Statewide impact is \$3.7 million.

(2) Estimates assume the County would pay the State's share of cost of wages above \$8.00 per hour. If not, the County will realize an estimated \$34.8 million in savings.

(3) Estimated impact represents the County cost if 50 percent of the children who lose CalWORKs benefits receive General Relief benefits.

*This table represents the estimated loss/gain of State funds based upon the Governor's May Revision, the Adopted Budget, and the Special Session proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able*

**GOVERNOR'S 2008 NOVEMBER REVISION  
ITEMS OF COUNTY INTEREST**

**General Government**

**Subventions for Open Space Act.** The November Revision proposes to eliminate \$34.7 million in State reimbursements for the Subventions for Open Space Act (Williamson Act) Tax Relief Program. The Williamson Act authorizes any city or county to enter into a contract with the owner of agricultural land to preserve that land in accordance with the conditions established by the Act and the contract. This proposal would result in an estimated loss of \$40,000 to the County.

**Health**

**Federal Safety Net Care Pool Payments.** The November Revision reintroduces a proposal from the FY 2008-09 Proposed Budget to shift Federal Safety Net Care Pool funding from designated public hospitals to portions of the California Children's Services, Genetically Handicapped Persons, Medically Indigent Adult Long-Term Care, and Breast and Cervical Cancer Treatment programs which are eligible for these funds. This proposal was rejected by the Legislature. The Administration assumes State savings of \$3.7 million in FY 2008-09 due to a lengthy implementation process according to the Department of Finance, and \$54.2 million in FY 2009-10 with implementation effective December 1, 2008. **The Department of Health Services indicates that it needs more information from the State to determine the FY 2008-09 impact. The estimated reduction to the County is \$14.4 million in FY 2009-10.**

**Medi-Cal 1931(b) Program.** The November Revision reintroduces a proposal from the FY 2008-09 May Revision to roll back the income eligibility level from 100 percent of the Federal Poverty Level (FPL) to 72 percent of the FPL for applicant families who currently qualify for Medi-Cal benefits without a share of cost, and define under-employment as the principal wage earner working less than 100 hours per month. Parents with higher incomes who meet the eligibility requirements would be eligible for Medi-Cal with a share of cost payment. These proposals were rejected by the Legislature.

The changes to the Medi-Cal 1931(b) Program would be effective December 1, 2008 and phased in over 33 months for an estimated State savings of \$8.6 million in FY 2008-09 and \$342.5 million in FY 2011-12 when the proposal is fully implemented. This proposal would result in the loss of Medi-Cal benefits for approximately 157,000 parents in Los Angeles County when fully implemented in FY 2011-12. These individuals would add to the ranks of the estimated 2.1 million already uninsured County residents. According to the Department of Health Services (DHS) there is insufficient

information available from the State Department of Health Care Services to develop a reliable estimate of the impact of this proposal; however, based on countywide caseload data for the population, **the estimated potential impact to the County is a loss of approximately \$2.9 million in FY 2008-09 and \$5.0 million in FY 2009-10.**

**Medi-Cal Monthly Reporting Requirement for Undocumented Immigrants.** The November Revision reintroduces a proposal from the FY 2008-09 May Revision to implement a monthly eligibility reporting requirement for undocumented immigrants who receive emergency Medi-Cal benefits. This proposal was rejected by the Legislature. The Administration assumes a State savings of \$15.1 million in FY 2008-09 and \$73.5 million in FY 2009-10 with implementation on December 1, 2008. It also should be noted that this proposal does not include funding for additional County administrative costs to complete monthly reporting requirements. The Chief Executive Office (CEO) will continue to work with the Departments of Public Social Services and Health Services to determine the impact of this proposal to the County.

**Medi-Cal Eligibility for Legal Immigrants.** The November Revision reintroduces a proposal from the May Revision to eliminate full-scope Medi-Cal benefits for newly qualified immigrants who have been in the United States for less than five years and immigrants who are allowed to reside in the country without permanent immigrant status. This proposal was rejected by the Legislature. The Administration assumes State savings of \$29.7 million in FY 2008-09 and \$144.4 million in FY 2009-10 with implementation on December 1, 2008. DHS indicates that they have very little data available from the State Department of Health Care Services to estimate the impact on those residing in the country without permanent immigrant status and those legal immigrants in the United States for less than five years. **However, based on County caseload data for this population, the estimated potential impact to the County is the loss of \$870,000 in FY 2008-09 and \$1.5 million in FY 2009-10.**

**Medi-Cal Share of Cost.** The November Revision proposes to reinstate the Medi-Cal share of cost for aged, blind and disabled individuals with incomes over the SSI/SSP income levels for State savings of \$43.8 million in FY 2008-09, \$203.7 million in FY 2009-10, and \$212.8 million annually thereafter. The CEO will work with the Department of Public Social Services to determine the impact of this proposal to the County.

## **Mental Health**

**Supplemental Security Income/State Supplemental Payment (SSI/SSP).** The November Revision proposes to reduce SSI/SSP grants to the Federal minimum effective March 1, 2009 for a State savings of \$348.9 million in FY 2008-09 and \$1.1 billion in FY 2009-10. The Department of Mental Health indicates that it collects SSI/SSP payments to offset costs for clients who reside in Institutes for Mental Disease, Intensive Residential Treatment Programs, Specialized Housing Programs and who pay rent through the housing component of Proposition 63, the Mental Health Services Act. **This proposal would result in an estimated County loss of \$318,360 in FY 2008-09**



and \$545,760 in FY 2009-10. Under this proposal, the current SSI/SSP monthly grant for an individual would be reduced from \$870 to \$830.

### **Social Services**

**CalWORKs Reforms.** The November Revision reintroduces the following two CalWORKs reforms from the FY 2008-09 Proposed Budget, which were rejected by the Legislature. The reforms would be effective on March 1, 2009 for a State savings of \$157.5 million in FY 2008-09 and \$472.3 million in FY 2009-10.

- **Modify the Safety Net Program.** Maintain the child-only CalWORKs grant beyond the 60-month time limit only when the able-bodied adult meets the Federal work participation requirements. Safety net benefits would be eliminated if the adult does not meet the work participation requirements. This proposal would potentially impact approximately 13,551 families in Los Angeles County and 32,311 children in those families.
- **Child-Only Benefits.** Limit child-only benefits to 60 months when the parent or caretaker is an undocumented non-citizen, a convicted drug felon or a fleeing felon. This proposal would impact approximately 16,167 families in Los Angeles County and 39,377 children in those families.

These proposals would result in the loss of \$51.8 million in cash grants to CalWORKs families in Los Angeles County in FY 2008-09 and \$155.3 million in FY 2009-10. **If 50 percent of the children terminated from CalWORKs cash assistance apply for, and are determined eligible for General Relief, there would be an estimated increased County cost of \$26.8 million in FY 2008-09 and \$80.4 million in FY 2009-10.** Additionally, the loss of CalWORKs cash benefits could place families at greater risk of homelessness.

**CalWORKs Grant Reduction.** The FY 2008-09 May Revision proposed to reduce CalWORKs grants by 5 percent effective October 1, 2008. This proposal was rejected by the Legislature. The November Revision proposes to reduce these grants by 10 percent effective March 1, 2009 for a State savings of \$93.2 million in FY 2008-09 and \$279.6 million in FY 2009-10. The proposal would reduce the CalWORKs grant for a family of three from \$723 per month to \$651 per month.

**CalWORKs Self-Sufficiency Review.** The November Revision reintroduces a proposal from the 2008 May Revision to require county eligibility workers to conduct face-to-face self-sufficiency reviews every six months with CalWORKs participants who are not meeting the work requirement to assess the type of services needed to assist the participant to remove any barriers to work participation. This proposal was rejected by the Legislature. The Administration assumes this proposal would result in State savings of \$93.2 million in FY 2008-09 and \$94.8 million in FY 2009-10 with implementation on March 1, 2009.

**In-Home Supportive Services (IHSS).** The November Revision reintroduces a proposal from the FY 2008-09 May Revision to eliminate IHSS domestic and related services for recipients determined to have lower services needs. This proposal was rejected by the Legislature. The Administration assumes a State savings of \$23.1 million in FY 2008-09 and \$71.4 million in FY 2009-10 with implementation on March 1, 2009. **This would result in a reduction in domestic and related services for approximately 35,000 IHSS recipients in Los Angeles County and an estimated net County cost savings of \$4.6 million in FY 2008-09 and \$14.2 million in FY 2009-10.**

**IHSS Provider Wages.** The November Revision retains a proposal from the FY 2008-09 May Revision to reduce State participation in IHSS provider wages to the State minimum wage of \$8.00 per hour and retain State participation in health benefits at the level of 60 cents per hour. This proposal was rejected by the Legislature. The Administration assumes a State savings of \$93.2 million in FY 2008-09 with implementation on March 1, 2009 and \$248.8 million in FY 2009-10. The current County wage rate is \$9.00 per hour. The current agreement with Los Angeles County Personal Assistance Services Council specifies that if the State's share of IHSS wages becomes unavailable, IHSS wages shall revert to the State minimum wage without further action of the Board. **If IHSS provider wages were reduced to the minimum wage, the County would realize an estimated annual savings of \$34.8 million. However, if the County opted to maintain the current wage of \$9.00 per hour without State participation above the minimum wage, the additional cost to the County would be \$21.6 million in FY 2008-09 and \$64.8 million annually thereafter.**

**Cash Assistance Program for Immigrants (CAPI).** The November Revision retains a proposal from the FY 2008-09 May Revision to eliminate CAPI, which was rejected by the Legislature. The Administration assumes State savings of \$37.8 million in FY 2008-09 with implementation on March 1, 2009 and \$114.1 million in FY 2009-10. This proposal would result in the loss of cash benefits for approximately 5,600 aged and disabled legal immigrants in Los Angeles County. **If 100 percent of these individuals apply for, and are determined eligible for General Relief, this proposal would result in an estimated net County cost of \$5.0 million for the period from March 1, 2009 to June 30, 2009, and an estimated annual cost of \$14.9 million thereafter. Elimination of CAPI could place aged and disabled legal immigrants at greater risk for homelessness.**

**California Food Assistance Program (CFAP).** The November Revision proposes to eliminate CFAP effective July 1, 2009 for a State savings of \$30.3 million in FY 2009-10. This State-only program provides food benefits to low-income legal non-citizens. There is no direct fiscal impact to the County.

**CalWORKs Child Care.** The November Revision proposes to reduce funding for CalWORKs Stage 2 Child Care by \$27 million and funding for CalWORKs Stage 3 Child Care by \$15 million to reflect lower caseload estimates since enactment of the State budget. There is no impact to the County.

## **Justice and Public Safety**

**Citizens' Option for Public Safety (COPS)/Juvenile Justice Crime Prevention Act (JJCPA) Grants.** The November Revision proposes a transfer of funding for the COPS/JJCPA Grants from the State General Fund to the Vehicle License Fee (VLF) as part of a plan to save \$250 million in State General Fund spending. These funds were used previously to support the Department of Motor Vehicles which would now be funded by a \$12 increase in the annual vehicle registration fee. In addition, the Governor proposes to reduce funding for these grants by a total of \$28.6 million by reducing funding for each program from \$107 million to \$93 million in FY 2008-09. For FY 2009-10, these programs are expected to receive \$95.8 million each. The impact to the County is a loss of \$4 million in FY 2008-09 and \$3.9 million in FY 2009-10 for the JJCPA Program, and a loss of \$1.2 million in FY 2008-09 and \$929,000 in FY 2009-10 for the COPS Program.

**Juvenile Probation and Camp Funding.** The November Revision proposes State savings of \$35 million in FY 2008-09 by reducing the Juvenile Probation and Camp Funding from \$181.3 million to \$146.3 million. In FY 2009-10, program funding will be reduced by an additional \$10.5 million to an estimated \$135.8 annually. The estimated impact to the County is a loss of \$13.5 million in FY 2008-09 and \$18.6 million in FY 2009-10. After FY 2009-10, this program will be funded from the VLF.

**California Multi-Jurisdictional Methamphetamine Enforcement Team Grants.** The November Revision proposes a reduction of \$9.75 million from the current level of \$19.5 million to the California Multi-Jurisdictional Methamphetamine Enforcement Team grants for State and local law enforcement agencies in FY 2008-09. In addition, the Administration proposes to eliminate this program in FY 2009-10 for a total annual reduction of \$19.5 million. The estimated impact to the County is a loss of \$828,000 in FY 2008-09 and \$1.7 million in FY 2009-10.

**Other Public Safety Grants.** The November Revision proposes a 50 percent reduction in FY 2008-09 to a number of local public safety grants including the High Tech Theft Apprehension and Prosecution Program, the Identity Theft Task Force, and Sexual Assault Felony Enforcement Teams. These grants are scheduled for elimination in FY 2009-10. The estimated impact to the County is a loss of \$1.7 million in FY 2008-09 and \$3.3 million in FY 2009-10.

**AB 900 Clean Up.** The November Revision proposes clean up legislation to allow the State to proceed with the authorization of bonds pursuant to AB 900 (Chapter 7, Statutes of 2007), which would provide funding for the construction of State prison and re-entry facilities as well as local jails.

**Direct Discharge of Inmates.** The November Revision proposes that inmates released into the community with no history of serious, violent or sexual crimes no longer be under parole supervision. The estimated State savings is \$78.7 million in

FY 2008-09 and \$535.9 million in FY 2009-10. This proposal is expected to reduce the number of persons returning to prison from violations in their terms of parole or from the commission of new crimes.

**Enhanced Sentencing Credits.** The November Revision proposes a program to allow inmates to reduce their sentence for time served in county jails pending transfer to a State prison, and upon completion of an unspecified program designed to reduce violence in prison and to facilitate their integration into the community upon release. The plan would provide an inmate up to four months of credit for each completed class. The use of additional sentencing credits is intended to accelerate the release of inmates into the community and to reduce recidivism rates. This proposal would result in additional State costs of \$3.4 million in FY 2008-09 and annual savings of \$90.5 million beginning in FY 2009-10.

**Threshold for Felony Property Crimes.** The November Revision proposes that the dollar threshold values for determining when property crimes are prosecuted as a felony be increased to reflect inflation since 1982. The new threshold level is not specified. This will reduce the number of offenders that are sentenced to prison. The State anticipates a savings of \$2.9 million in FY 2008-09, and annual savings of \$51.3 million beginning in FY 2009-10. The impact on the County related to sentencing these offenders to county jail or probation rather than State prison is unknown.

## **Transportation**

**Transit Assistance.** The November Revision proposes to eliminate \$229.9 million in FY 2008-09 and \$306 million in FY 2009-10 from the State Transit Assistance Program that is paid from the Public Transportation Account, but retain \$350 million from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for local transit programs.

According to the Department of Public Works, this reduction in funding from the State Transit Assistance Program does not directly affect funding for the Department's transit services. This proposal would impact the Metropolitan Transportation Authority and may result in a reduction of revenues for the Metro Call for Projects competitive grant program. Local jurisdictions, including the County, are recipients of the Metro Call for Projects grant awards.